"Growing attention has been devoted in recent years to projected oil and gas pipelines that would link Russian gas fields in eastern Siberia and Sakhalin Island to China, Japan, and the two Koreas. By contrast, there is little awareness of the high economic and political stakes involved in the quiet struggle now unfolding in Northeast Asia over seabed petroleum resources, especially the conflict between China and Japan over the East China Sea."

Quiet Struggle in the East China Sea

SELIG S. HARRISON

With its energy needs steadily growing, Northeast Asia will require ever-accelerating petroleum imports for its economic expansion and survival. Most of these imports will come from the same sources that supply the United States and Western Europe with much of their petroleum: the Persian Gulf and Southeast Asia. Yet enormous untapped oil and gas resources exist in nearby Russia and in contested areas of the East China Sea and Yellow Sea seabed that could, if exploited, reduce Northeast Asian dependence on costly imports from politically turbulent faraway sources.

Growing attention has been devoted in recent years to projected oil and gas pipelines that would link Russian gas fields in eastern Siberia and Sakhalin Island to China, Japan, and the two Koreas. By contrast, there is little awareness of the high economic and political stakes involved in the quiet struggle now unfolding in Northeast Asia over seabed petroleum resources, especially the conflict between China and Japan over the East China Sea.

To keep pace with its increasing energy consumption, including the steady growth of gas-guzzling cars and trucks, China became a net importer of oil in 1993. Since then, import levels have steadily risen, passing 1.6 million barrels a day last year. Most expert projections suggest that China's imports will reach nearly 4 million barrels a day by 2010 and 7 million by 2015, close to the current United States import level and equal to three-fourths of Saudi Arabia's current production. (Even with these rising imports, oil accounts for only 25 percent of China's energy mix, with coal 68 percent, natural gas and hydroelectric power 2.5 percent each, and nuclear power development still negligible.)

With its coal deposits located in the north and west and its energy demand centered in the southern and eastern coastal provinces, China has ruled out a large-scale increase in coal production, which would require a costly expansion of the railroad network. Instead, while continuing to seek increased oil production in undeveloped onshore and seabed areas, Beijing is focusing primarily on raising the share of natural gas in its energy mix to 10 percent by 2020 through increased domestic gas production coupled with imports. This push to expand the use of gas is driven in part by the appalling pollution resulting from a coal-based economy.

China's new focus on gas is demonstrated by its ambitious plan for a 2,900-mile, $35-billion east–west gas pipeline from the Lunnan gas field in Xinjiang Autonomous Region to Shanghai. In an agreement announced in July 2002, ExxonMobil, Shell, and the Russian gas giant Gazprom will join in the venture, scheduled for completion by 2007. The July agreement has accelerated efforts to negotiate pipeline agreements with Russia that would link gas imports from eastern Siberia with the east–west pipeline. At the same time, the drive for more gas explains why Beijing has dramatically stepped up its seabed exploration and production in the East China Sea, where exploration to date has revealed that the massive reserves there consist largely of gas, not oil.

Geological assessments indicate that the East China Sea, the Yellow Sea, and to a lesser extent, the Sea of Japan contain rich natural gas deposits. The

SELIG S. HARRISON *is a senior scholar at the Woodrow Wilson Center and director of the center's project on oil and gas cooperation in Northeast Asia. He is the author of* China, Oil, and Asia: Conflict Ahead? *and six other books on Asia, including* Korean Endgame: A Strategy for Reunification and U.S. Disengagement *(Princeton: Princeton University Press, 2002).*

most promising areas lie in the central portion of the Chinese continental shelf in the East China Sea, where the Yellow and Yangtze Rivers have deposited an estimated three billion tons of sediment every year for millennia.

ANOTHER PERSIAN GULF?

How large are the East China Sea reserves? A United Nations assessment based on a 1968 survey mission aroused high hopes, reporting a "high probability that the continental shelf between Taiwan and Japan may be one of the most prolific oil and gas reservoirs in the world." At one point the UN study referred to the possibility that the East China Sea would prove to be "another Persian Gulf." A companion UN study pointed in particular to a prospective bonanza in a "wide belt along the outer part of the continental shelf" adjacent to the Japanese Ryukyu Islands, of which Okinawa is the largest. The UN report touched off a bitter controversy between China, Taiwan, and Japan over seabed jurisdictional rights that has largely paralyzed exploration in contested areas and has prevented the geological studies necessary to determine the full extent and character of the East China Sea reserves.

North Korea . . . would not only get a bonanza of foreign exchange earnings if oil is found but would be able to put its agricultural and industrial economy back into full swing.

Initially, Taiwan claimed jurisdiction over the East China Sea in the name of China. Taipei even allocated concession rights to American companies that conducted seismic surveys in the immediate aftermath of the UN study. These surveys suggested that some of the East China Sea petroleum is in complex geological structures rather than large, easily accessible reservoirs, and that the North Sea would thus be a better analogy than the Persian Gulf. After the United States recognized Beijing in 1979, Taipei muted its seabed claims and gradually phased out its foreign concessions, keeping the door open for cooperative petroleum development efforts with Beijing. Beijing has since been the spokesman for Chinese claims in the jurisdictional conflict with Japan, and in July 2002, Taiwan and China agreed to start joint exploration in the Taiwan Strait.

China claims the entire continental shelf as its own, rejecting Japanese proposals to negotiate a median line in accordance with principles set forth in the 1994 UN Law of the Sea Treaty. Beijing, however, has repeatedly declared its readiness to explore cooperative arrangements for the joint exploration and development of contested areas. Pending such arrangements, China has proceeded with its own exploration and development in areas that clearly lie on its side of the hypothetical median line, while periodically reminding Japan of its claim to the entire shelf by sending survey vessels across the line, stirring up recurring diplomatic crises with Tokyo.

Japan, for its part, has allocated hypothetical concession rights on its side of the median line that can be activated only when a jurisdictional agreement is reached with China. Tokyo is locked into long-term contracts to import liquefied natural gas that meet its immediate needs and make access to East China Sea oil and gas less urgent than it is for China. Nevertheless, some Japanese companies that have concessions in the most promising East China Sea areas are eager for cooperative arrangements with Beijing to begin exploration and development. This is particularly true of the companies with concessions in the seabed surrounding the Senkaku Islands northwest of Taiwan, which are occupied by Japan but claimed by China (the Chinese name for the islands is Tiao Yu Tai).

A Japanese government survey immediately following the 1968 UN report estimated that "well over 94.5 billion barrels of quality oil" were trapped in the shallow waters to the northwest and south of the islands. But the Japanese Foreign Ministry is reluctant to suspend Japanese territorial claims to the Senkakus for the sake of joint exploration and development with China lest this set a precedent that would jeopardize Japan's position in its dispute with Russia over the Kurile Islands north of Japan. Moreover, possession of the Senkakus would be crucial to Japan in bargaining over the location of a median line. The Senkakus are located further west than Japan itself. Thus, using the islands to demarcate the outermost extension of Japanese territory would push part of the median line westward, maximizing the Japanese share of the seabed.

Chinese petroleum officials believe that the most promising reserves lie on the eastern side of the continental shelf claimed by Japan. Chinese estimates of potential East China Sea gas reserves on the entire shelf range from 175 trillion to 210 trillion cubic feet in volume. (Saudi Arabia has "proven and probable" gas reserves of 21.8 trillion cubic feet, and the United States, 177.4 trillion.) Foreign estimates of

potential oil reserves on the shelf have gone as high as 100 billion barrels. (Saudi Arabia has "proven and probable" oil reserves of 261.7 billion barrels, and the United States, 22 billion.)

Exploration to date has indicated "proven and probable" gas reserves of some 17.5 trillion cubic feet on the Chinese side, much of it in the Xihu Trough, where a major discovery recently occurred less than 50 miles west of the median line at the Chun Xiao gas field. The Chun Xiao reserves are estimated to be 1.8 trillion cubic feet. When production starts in 2004, Chun Xiao will initially produce 70 billion cubic feet of gas annually, and the volume is projected to reach 350 billion annually by 2010. A pipeline is under construction to carry the Chun Xiao gas to the Chinese coastal areas near Wenzhou. Gas from a smaller field to the northwest at Pinghu, with estimated reserves of 378 billion cubic feet, is already being supplied to Shanghai through a 250-mile pipeline.

China crosses the line

While continuing to search for gas and oil on the Chinese side of the median line, Beijing has periodically accelerated its pressure on Japan for negotiations on joint exploration and development arrangements that would give it a share of the petroleum resources on the Japanese side. When diplomatic pressure has failed, Beijing has responded by sending survey ships across the line and, on one occasion, by drilling exploratory wells near the median line on the Japanese side.

China and Japan made their first serious attempt to negotiate on the East China Sea in November 1980. Beijing reaffirmed its stand that the shelf is a "natural prolongation" of Chinese territory as defined in the UN Law of the Sea Treaty. When Japan insisted on a median line, China drilled an exploratory well just two miles short of the median line in February 1981, at a point 286 miles southeast of Shanghai, followed by another one 11 miles short of the line. After striking oil at the two sites, known as Longjing I and II, the Chinese drilling rig withdrew without initiating production activity. China pointed to the strike as evidence that abundant petroleum riches lie in contested areas, offering potential benefit to both sides if they would suspend territorial claims to permit joint exploration and development. But Japan did not budge from its median line position.

For the next decade, Beijing continued to send occasional seismic survey ships across the line, prompting recurring diplomatic flurries, but not until early 1992 did it once again intensify its assertive posture. In a law defining its maritime boundaries, Beijing formally incorporated the Senkakus as Chinese territory. In August 1995, Chinese fighter planes flew a patrol mission over the islands. Okinawa-based Japanese jets were immediately dispatched to head them off. After Japanese rightist groups planted a Rising Sun flag on the Senkakus in late 1996, Taiwan, which claims the islands as part of its assertion to be the rightful government of China, sent a flotilla of fishing vessels carrying protesters who pledged to uproot the flag. The Japanese Maritime Self Defense Forces quickly intervened, deploying 60 naval vessels to block the protesters from landing. In May 1999,

Beijing encircled the islands with 10 naval vessels for a week, amid a propaganda barrage against Japanese "hegemonists."

China conducted seismic surveys on the Japanese side of the hypothetical median line in a wide arc east of Shanghai in 1995, 1996, and 1997. In 1996, the Japanese press reported two cases of exploratory drilling. In late 1997, China restructured and consolidated its oil and gas industry for the specific purpose of pursuing natural gas exploration more aggressively in both onshore and offshore areas. From January 1998 through August 2000, according to Japan's Maritime Self Defense Forces, China sent 16 ships into areas on the Japanese side of the median line on 22 different occasions. Some were Chinese naval vessels that were believed to have conducted oceanographic studies with military implications. Others conducted what were clearly detectable seismic studies related to petroleum exploration. This steady influx of ships brought simmering Japanese anger to a head and led to negotiations that resulted in a "confidence-building" agreement on February 13, 2001 in which each side agreed to notify the other "if either country is to conduct maritime scientific research nearby the coast of the other, except for territorial waters." The agreement provided for a notification at least two months in advance that would specify the name of the ship involved, where it would go, and for what period.

As China's energy needs multiply, pressures for the full exploitation of the more promising East China Sea petroleum potential are certain to intensify, making renewed seabed negotiations between Tokyo and Beijing increasingly urgent.

The use of the phrase "nearby the coast of the other" was a diplomatic concession to China, since Beijing does not acknowledge the existence of a hypothetical median line. But it was clearly understood, a Japanese Foreign Ministry official told me, that the agreement covered all ships crossing the median line.

At my request, the Foreign Ministry provided me with an unpublished list naming 17 ships that have conducted what China called "maritime scientific research" on the Japanese side of the line from the inception of the agreement through July 1, 2002. This list showed that some stayed for as long as six months, some for only one or two months. But it pointedly excluded any mention of where the ships had gone and their purported research agenda.

In four cases, I was told, ships intruded in violation of the agreement. Either they crossed the line unannounced or they operated in areas not covered in their notification. One of these, I learned from several Japanese and United States sources, was a Norwegian geological survey ship, the *Nordic Explorer*, hired by China. The ship spent July and August 2001 in an area on the Japanese side of the median line some 10 miles across the line from the Chun Xiao discovery where Beijing has launched production operations on the Chinese side.

Adding insult to injury, the Chinese navy asked the Japanese Maritime Self Defense Forces to tell Japanese ships that they should stay at least three miles away from the *Nordic Explorer*. This prompted angry outbursts by Japanese rightist lawmakers, who threatened a cutoff of Japanese economic aid to China and demanded the creation of a Japanese marine corps that could operate in the Senkakus if China should ever invade the islands.

Rightist groups occasionally clamor for military action to stop Chinese intrusions, or at least for inspection of Chinese ships to establish the nature of their activities. Successive Japanese governments have concluded, however, that military action would become necessary only if China should actually start to extract gas or oil on the Japanese side. If China wants to pay for the research necessary to establish the extent and location of oil and gas reserves on the Japanese side, Japanese officials say privately, let them do so, and Japan can follow up on their findings when and if negotiations on joint development begin. Equally important, Japan does not want to complicate its lucrative economic relations with China, including joint petroleum exploration in undisputed Chinese coastal areas such as the Bo Hai Gulf.

The need for an early resolution of seabed jurisdictional conflicts in Northeast Asia is underlined by rapidly improving technology that will make it progressively easier for China and its foreign exploration partners to conduct deep-water drilling operations. Fifty years ago it was considered a remarkable feat to drill in 50 feet of water. Even in 1980, the Longjing I well drilled by China went down only 2,125 feet; soon it will be possible to reach 10,000 feet. This means that the hitherto inaccessible seabed areas on the eastern side of the East China Sea shelf will be accessible in the near future.

THE LEGAL TANGLE

The first attempt to establish internationally agreed criteria governing the jurisdiction of coastal states over seabed resources was the UN Convention on the Continental Shelf adopted at Geneva in 1958. Under this agreement, coastal states have the exclusive right to exploit seabed resources up to a depth of 660 feet "or beyond that limit where the depth of the waters admits of the exploitation of the natural resources of the said areas." Where two states lie on opposite sides of a continental shelf, the Geneva Convention states, or where they lie adjacent to each other on the same coast, the shelf boundary is to be determined by mutual agreement. If such agreement cannot be reached, the boundary is to be a median line determined by the same base points (that is, islands near the coast, or the coast itself) used by each state in defining its territorial sea, unless another boundary line is justified by "special circumstances."

The caveat permitting states to claim "special circumstances" led to an arcane legal controversy, still unresolved, over precisely what makes this or that island valid or invalid as a base point. Among the many resulting disputes that have arisen in the East China, Yellow, and South China Seas, the most troublesome has proved to be the case of the Senkakus. To cloud matters further, the International Court of Justice (World Court), interpreting the 1958 Geneva Convention cases related to the North Sea, held in 1969 that seabed boundaries should be drawn to "leave as much as possible to each party all those parts of the continental shelf that constitute a natural prolongation of its land territory into and under the sea, without encroachment on the natural prolongation of the land territory of the other."

By emphasizing the natural prolongation principle, the court left it unclear whether the median-line approach should be applied in cases where a subsea trough divides what would otherwise be a continuous continental shelf between two states. As it happens, just such a subsea divide exists in the East China Sea. Known as the Okinawa Trough, it is located to the west of the Ryukyu Islands, and is both deeper (7,000 feet at some points) and broader (100 miles in places) than the Norwegian Trough in the North Sea. In the East Asian context, therefore, the 1969 ruling had momentous implications, providing China with a legal rationale for seeking jurisdiction over the continental shelf as far as the Okinawa Trough.

China has carefully avoided a precise definition of its sea-boundary claims and would thus have room for maneuver in seeking negotiated settlements with its maritime neighbors. To the extent that its claims have been implicitly or explicitly indicated, they substantially overlap areas claimed not only by Japan, but also by South Korea, Vietnam, Malaysia, Indonesia, Brunei, and the Philippines. Chinese statements during UN discussions on the Law of the Sea Treaty echoed the "natural prolongation" concept set forth by the World Court in the North Sea cases, which gives China a legal rationale for claiming the entire continental shelf. This rationale was implicitly invoked in a basic policy statement on June 13, 1977, describing the shelf as an "integral part" of the mainland. In other statements, China has accepted the principle of median lines and "equitable" adjustments between neighbors, but it is far from clear that Beijing would accept a median line agreement in either the Yellow Sea or the East China Sea.

Chinese international law specialists argue that provisions of the Law of the Sea Treaty relating to the median line concept are open ended and ambiguous. In the Chinese view, the median line approach is not necessarily applicable under the treaty to a case such as the East China Sea, in which a coastal state faces an island state. By contrast, Beijing acknowledges that the median line might apply under the treaty to cases such as the Tonkin Gulf and Yellow Sea, where states contiguous on the same landmass can invoke the "natural prolongation" doctrine.

Japan has attempted to push its base points for a median line as far to the west as possible on the shelf by claiming the status of "special circumstances" for the Senkaku Islands, in the southern part of the East China Sea, and for two other uninhabited islets, Danjo Gunto and Tori Shima, in the northern part. Both are on the western side of the Okinawa Trough, however, and to win recognition of these claims, Japan would have to prove that it is entitled to "jump" the trough. The argument advanced by Japanese and foreign oil companies with Japanese concessions in the East China Sea is that the seabed between the Ryukyus and the mainland is a common prolongation of both Japanese territory (that is, the Ryukyus) and the Chinese mainland. Thus, it is argued, Japan's jurisdiction extends past the trough to the median line.

China's formal position has long been that the Ryukyus themselves are part of the prolongation of the mainland and that the shelf ends, and the ocean floor begins, on the eastward side of the Ryukyus. Both sides treat the trough as a geomorphic depression in the shelf, not a geological breach. But as a

practical matter, Beijing has not pressed this claim recently, given Japanese sovereignty over the Ryukyus. Instead, Beijing focuses on where the eastern edge of the shelf should be demarcated if it acknowledges that the shelf does end to the west of the Ryukyus. On this key point, Beijing argues that the shelf embraces not only the western downward slope of the trough but also the "rise" where the slope flattens out at the bottom. This is a hotly contested claim because the richest petroleum deposits in the East China Sea are believed to be concentrated in the "rise." Even though the bottom of the trough is 7,000 feet deep, it is no longer beyond the reach of deep-water drilling technology.

New Opportunities in the Yellow Sea

The Law of the Sea Treaty gives every coastal state exclusive economic rights in a 200-mile zone along its coastline. But in the East China Sea, the distance between the Ryukyus and the Chinese mainland at one point is only 284 miles, which is the key factor cited by Japan in seeking a median line. Similarly, the Yellow Sea is not wide enough in most places to accommodate 200-mile economic zones.

On the surface, it might seem that the case for a median line is equally strong in both the East China Sea and the Yellow Sea. Article 71 of the Law of the Sea Treaty, however, states that median line agreements should be based on "equitable principles" and should be negotiated "where appropriate, taking into account all relevant circumstances." China could contend that Article 71 was meant to apply to cases in which the natural prolongation principle can be advanced by more than one party, as in Korea, but not in a situation in which one coastal state is involved, as in the East China Sea.

The possibility of jurisdictional disputes over seabed petroleum deposits in the Yellow Sea has been underlined by the economic problems besetting both South and North Korea. The South Korean economy is even more energy-intensive than Japan's, and crude oil imports impose an onerous burden on the South Korean balance of payments. Until the 1997 Asian financial crisis, South Korean energy imports cost three times as much as Japan's as a portion of gross national product, with oil demand increasing at a rate of 20 percent per year. The need to reduce crude oil imports since 1997 has been a key factor contributing to the recession in the South and has revived interest in Yellow Sea petroleum exploration, which was suspended after jurisdictional conflicts with Beijing. In the case of the North, the loss of subsidized Soviet and Chinese oil at the end of the cold war has led to virtual economic paralysis that has stimulated serious oil exploration efforts for the first time, including seabed exploration close to shore near Anju.

Tensions between China and South Korea over the Yellow Sea seabed started to develop soon after the 1968 UN survey mission report. The report was less ecstatic about petroleum prospects there than in the East China Sea but said that the Yellow Sea seabed and adjacent areas of the East China Sea seabed had "great potential as oil and gas reservoirs." In 1969, Seoul allocated concessions to foreign companies, but China sent gunboats to harass their drilling rigs.

Negotiations between China and South Korea on a seabed boundary agreement or on joint development arrangements were ruled out during the cold war decades, since Beijing did not recognize Seoul diplomatically. In 1991, however, Beijing signaled its readiness for a more symmetrical diplomatic posture in Korea by supporting the simultaneous entry of the two Koreas to the United Nations, and in 1992 Seoul and Beijing formalized relations. This shift was paralleled by a Chinese proposal for discussions on joint seabed development in early 1991. A South Korean delegation met with representatives of the Chinese National Offshore Oil Corporation in Beijing on April 21, 1991, but differences over how to delimit a joint development zone led to an impasse.

Even if agreement had been reached between Seoul and Beijing, it would have been politically impossible for both to proceed without North Korean concurrence on the terms of an accord relating to joint development, or for that matter, on a median line in the northern sector of the Yellow Sea and the adjacent Bo Hai Gulf that would be compatible with the line in the southern sector. For this reason, no further discussions between Seoul and Beijing have been held since 1991. Since the June 2000 summit meeting in Pyongyang between South Korean President Kim Dae Jung and North Korean leader Kim Jong Il, however, the prospects for joint Sino-Korean development or for a median line settlement have improved. Beijing would be much more likely to negotiate such agreements with the North and South alike if Pyongyang and Seoul are cooperating in seabed petroleum development.

Ideally, Pyongyang and Seoul would create a joint North–South seabed petroleum enterprise empowered to negotiate with Beijing. Such a body would also facilitate South Korean cooperation with the North in developing seabed petroleum.

Fueling the North Korean Economy

In North Korea, serious seabed petroleum exploration is just beginning. The seismic studies conducted with Soviet and Chinese help during the cold war decades were limited in scope and proved to be inconclusive. In 1991, Pyongyang decided to invite the help of Western companies in an intensified search for both onshore and seabed oil and gas. But with United States sanctions still in effect, American oil companies were barred from operating in North Korea, and Pyongyang has been able to conclude agreements only with small companies based elsewhere: an Australian company, Beach Petroleum; Taurus of Sweden; and SOCO International, a British subsidiary of the Snyder Petroleum Company of Fort Worth, Texas. SOCO, with west coast concessions straddling both onshore areas near Anju, northwest of Pyongyang, and adjacent seabed areas in the Yellow Sea, bases its hopes for major discoveries on the geological linkages connecting its seabed concessions with the nearby Bo Hai Gulf, where China has already found oil. There are proven recoverable reserves of 450 million barrels in Bo Hai. Production there was running at 68,500 barrels a day in 1998 and is expected to increase following the discovery of a new structure in the Peng Lai area of the gulf and a subsequent exploration agreement concluded by Beijing with the Phillips Petroleum Company.

North Korean hopes for seabed oil discoveries off the coast near Anju have been stimulated by successful drilling in nearby Sukchon, where an oil well began producing 2.2 million barrels annually in 1999. More recently, an American petroleum specialist of Korean ancestry, Busuph Park, has identified five zones in the Yellow Sea seabed off Anju with a potential of 1.17 billion barrels of recoverable reserves, based on seismic surveys and aerial surveys that use a new, computer-controlled sensing technology that he has developed.

Beach, Taurus, and SOCO are all small companies seeking to parlay a small initial investment in seismic surveys into something bigger by making partnership deals with more affluent companies that will support large-scale exploratory drilling. For example, SOCO and its North Korean contractors were using an outdated Romanian rig in 1998 and could drill to a depth of only 3,600 feet instead of the 4,300-foot depth required to make a meaningful assessment. In late 1999, North Korea, impatient for results and convinced that the foreign companies were not investing enough in seismic studies to make definitive findings, hired a Singapore-based firm, Veritas Geophysical Company, to conduct extensive seismic studies in an area 35 miles off the coast. The government-operated North Korean Oil Exploration Company took possession of the resulting data for processing on its own instead of letting Veritas do it, and the results are not known. Pyongyang is intensely suspicious of foreign oil companies and releases little information concerning its oil prospects.

Since South Korea, Japan, and China would provide easily accessible markets for any oil found in North Korea, oil companies in these countries have shown interest in supporting the search for petroleum in the North. "North Korea's West [Yellow] Sea is presumed to contain abundant amounts of petroleum," said Hyundai chairman Chung Monghun in 1998 after a visit to Pyongyang. "If oil is found, North Korean leaders proposed that Hyundai build an oil pipeline over land to our refineries, instead of by sea." South Korea would save significantly on shipping costs if it could get oil through such a pipeline rather than by tanker from the Middle East. North Korea, for its part, would not only get a bonanza of foreign exchange earnings if oil is found but would be able to put its agricultural and industrial economy back into full swing after a decade of stagnation following the end of the cold war.

Who Will Take the First Step?

The resolution of seabed jurisdictional disputes in the Yellow Sea and the East China Sea will be dependent on broader political developments in the region. If political and military tensions between Seoul and Pyongyang ease, the prospects for seabed petroleum cooperation would improve as economic cooperation increased. Similarly, in the case of the East China Sea, seabed petroleum cooperation is likely to depend not only on the temperature of bilateral relations between Beijing and Tokyo, but also on Japanese–Russian relations. So long as the impasse over the Kuriles continues, Japan will be fearful that suspension of its territorial claim over the Senkakus, a prerequisite for seabed cooperation there, would undermine its stance in the Kuriles dispute, a politically explosive issue in Japanese politics.

In the Yellow Sea, a continued impasse over seabed petroleum would have an economic impact on China and the two Koreas but is not likely to become a serious political or military irritant. But as China's energy needs multiply, pressures for the full exploitation of the more promising East China Sea petroleum potential are certain to intensify, making renewed seabed negotiations between Tokyo and Beijing increasingly urgent. ■